



BEFORE THE ARIZONA CORPORATION COMMISSION

BOB STUMP
Chairman
GARY PIERCE
Commissioner
BRENDA BURNS
Commissioner
BOB BURNS
Commissioner
SUSAN BITTER SMITH
Commissioner

Arizona Corporation Commission

DOCKETED

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IN THE MATTER OF SULPHUR SPRINGS) DOCKET NO. E-01575A-09-0429
VALLEY ELECTRIC COOPERATIVE,)
INC.'S APPLICATION FOR APPROVAL OF) DECISION NO. 74811
THE PROPOSED 2010 REST PLAN)
(WHICH INCLUDES 2010 REST TARIFFS)) ORDER
AND THE NET METERING TARIFF--FOR)
APPROVAL OF A NET METERING)
TARIFF--PETITION TO AMEND)
DECISION NO. 71463 PURSUANT TO)
A.R.S. § 40-252)

Open Meeting
November 5 and 6, 2014
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC" or the "Cooperative") is certificated to provide electricity as a public service corporation in the state of Arizona.

Introduction

2. On September 15, 2014, SSVEC filed a petition to amend Decision No. 71463 pursuant to A.R.S. § 40-252 ("2014 Petition"). Specifically, SSVEC requests that the Arizona Corporation Commission ("Commission") amend Decision No. 71463, dated January 26, 2010, to eliminate the March true-up option for new (those customers requesting to be net metered after the date of a Commission order amending Decision No. 71463) SSVEC net metered customers. New net metering customers would be required to use September as the true-up month going forward. Existing net metering customers having March as their true-up month (those enrolled as net metered prior to the date of a Commission order amending Decision No. 71463) will be able to keep March as

1 a true-up month. SSVEC will also allow customers, prior to enacting the grandfathering, with a
2 September true-up month to switch to a March true-up month if that is more economical for the
3 customer.

4 3. SSVEC is a member-owned Arizona non-profit cooperative with its principal business
5 office in Willcox, Arizona. SSVEC is a public service corporation providing electric distribution
6 service to approximately 51,000 customers in parts of Cochise, Santa Cruz, Pima and Graham
7 counties. SSVEC's Board of Directors oversees all aspects of SSVEC's operations.

8 **Background for Modification to Decision No. 71463**

9 4. On September 4, 2009, SSVEC filed an application with the Commission requesting
10 approval of a Net Metering Tariff along with a proposed 2010 Renewable Energy Standards and Tariff
11 ("REST") Implementation Plan ("2010 REST Plan"). SSVEC amended its Net Metering Tariff filing
12 on December 16, 2009. SSVEC's Net Metering Tariff was approved by the Commission in Decision
13 No. 71463, dated January 26, 2010 and most recently revised with updated avoided costs in Decision
14 No. 74704, dated August 26, 2014.

15 5. Net Metering allows electric utility customers to be compensated for generating their
16 own energy from renewable resources, fuel cells, or Combined Heat and Power. If the customer's
17 energy production exceeds the energy supplied by SSVEC during a billing period, the customer's bill
18 for subsequent billing periods is credited for the excess generation. That is, the excess kWh generated
19 during the billing period is used to reduce the kWh billed by SSVEC during subsequent billing
20 periods.

21 6. In accordance with Decision No. 71463, SSVEC's net metered customers have the
22 option of selecting either September or March (or for a customer's final bill upon discontinuance of
23 service), as the true-up month for the balance of any remaining excess kWh. SSVEC credits the
24 customer for any remaining excess kWh at SSVEC's annual average avoided cost, which is specified in
25 the Net Metering Tariff. Arizona Administrative Code R14-2-2302(1) defines avoided cost as "the
26 incremental cost to an Electric Utility for electric energy or capacity or both which, but for the
27 purchase from the Net Metering facility, such utility would generate itself or purchase from another
28 source."

1 7. Presently, SSVEC is unique among Arizona electric utilities by having two true-up
2 periods (i.e. March and September). Decision No. 71463, dated January 26, 2010, required SSVEC to
3 offer customers a choice between a winter (March) true-up and a summer (September) true-up under
4 Decision No. 71463 dated January 26, 2010.

5 8. On July 1, 2014, SSVEC filed an application in Docket No. E-01575A-14-0232 for
6 approval to (1) update the avoided cost that is contained in its Net Metering Tariff; (2) add a Fixed
7 Cost Recovery Fee; and (3) designate September as the only true-up month.

8 9. In Decision No. 74704, dated August 26, 2014, SSVEC's application was denied in
9 part by the Commission. Decision No. 74704 granted the updated Net Metering Avoided Cost of
10 \$0.0307 per kWh to be effective September 1, 2014. However, Decision No. 74704 denied SSVEC's
11 request in the same docket to eliminate the March true-up for net metered customers and the
12 implementation of a Fixed Cost Recovery Fee. Both items were denied without prejudice allowing
13 SSVEC to file a new application for each item in the future.

14 10. On October 16, 2014, during the Commission Staff Meeting, the Commission voted to
15 reconsider Decision No. 71463 pursuant to A.R.S. § 40-252.

16 **Background for the Elimination of the March True-Up**

17 11. Since the implementation of SSVEC's net metering tariff in January 2010, SSVEC's net
18 metered customers have had the option of selecting one of two true-up months: either March or
19 September. Customers indicate at the time that they sign up to participate in the Net Metering Tariff
20 which month they would like as the true-up month. The true-up rate, as stated above, credits the
21 customer for any remaining excess kWh at SSVEC's annual average avoided cost. The true-up rate is
22 the same whether the customer chooses a March true-up month or a September true-up month.

23 12. In the 2014 Petition, SSVEC stated that SSVEC originally selected September as its
24 preferred month for the annual true-up. During the January 12, 2010 Open Meeting, one customer
25 indicated a desire to true-up his net metering account in March rather than September because the
26 customer wanted to utilize excess kWh during the winter months rather than cash out the excess kWh
27 at the wholesale avoided cost. SSVEC further stated that based upon this one request, an amendment
28 was offered and approved by the Commission establishing two true-up month options for net

1 metered customers. SSVEC is currently the only utility with an option between two true-up months
2 instead of a single true-up month.

3 13. SSVEC further stated that having two true-up months has led to confusion among its
4 customers. The Cooperative has found that some customers have forgotten which true-up month
5 they selected while others mistakenly think they will be subject to two true-ups during the year. In
6 addition, SSVEC believes that rooftop solar installers are accustomed to working with other utilities
7 that only offer one true-up month so many installers are not aware that SSVEC has two true-up
8 months to select from and are not advising customers which month to select that best matches the
9 customer's usage pattern.

10 Notice

11 14. In its 2014 Petition, SSVEC included Attachment 1 detailing the notice that was going
12 to be mailed to net metered customers and intervenors. The notice explains that SSVEC is petitioning
13 to amend Decision No. 71463 to eliminate the March true-up month option for net metered
14 customers and the reasoning for requesting the change. The notice also detailed how to obtain a copy
15 of the petition and how to submit comments and/or request to intervene. The notice was mailed on
16 September 29, 2014. The notice was also published in the Sierra Vista Herald, the San Pedro Valley
17 News-Sun, and the Arizona Range News on September 24, 2014 and is available on SSVEC's website.

18 Staff Analysis of the Modification to Decision No. 71463

19 15. Staff has reviewed SSVEC's 2014 Petition. Staff's analysis included an examination of
20 why the two true-up months were put in place in Decision No. 71463 in January 2010. In addition,
21 Staff looked at who is currently utilizing the March true-up month to see if there are potential
22 customers who may be harmed by not having that option going forward.

23 16. SSVEC is the only utility currently with a requirement to offer two true-up months to
24 select from when enrolling in the net metering tariff (other utilities' true-up month varies throughout
25 the year). While the exact comments of the customers in attendance at the Open Meeting are not
26 available for a complete review, Staff is aware that there was concern at the Open Meeting about
27 customers who showed an interest in being able to utilize excess kWh throughout the winter months

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1 and true-up in March. There was enough concern expressed that one Commissioner offered an
2 amendment which passed and was incorporated into Decision No. 71463 on page 5 in paragraph 14.

3 17. In addition to comments being expressed during Open Meeting, comments were also
4 filed in Docket No. E-01575A-09-0429, SSVEC's 2010 REST Plan and net metering tariff application
5 docket. Comments were filed in support of and against the 2010 REST Plan. There were limited
6 comments that referred directly to the true-up month for the proposed net metering tariff. One
7 particular comment docketed on December 24, 2009, detailed a concern over the impact of a
8 September true-up on net-zero energy customers who heat with electricity. Customers with electric
9 heat may have a preference to carry over excess kWh from the summer months, if any are available, to
10 the winter months when they are using kWh to heat their homes. A September true-up would not
11 facilitate carry-over for those customers. The comments were from a developer of a net-zero energy
12 community in SSVEC's service territory.

13 18. Secondly, Staff looked specifically at SSVEC's net metered customers. Out of a little
14 over 1,000 net metered customers, approximately 1/3 have selected March as the true-up month and
15 2/3 have selected September as the true-up month. More recently, since 2012, the percentage of net
16 metered customers selecting a March true-up month versus a September true-up month has been
17 declining. When looking at the 1/3 overall who have selected March as the true-up month since 2010,
18 the majority of those customers reside in Cochise County. Cochise County average weather highs and
19 lows range from 65 to 95 degrees Fahrenheit in the summer months and 30 to 60 degrees Fahrenheit
20 in the winter months. If a customer utilizes electric heat during the winter months and is interested in
21 a March true-up, there would need to be excess net metered kWh carried over from the summer
22 months to utilize during the winter months rather than pay the retail kWh purchase price to SSVEC.
23 Depending upon the demand for cooling during the summer, there may or may not be kWh available
24 for carryover.

25 19. A third consideration for Staff is the level of potentially impacted customers. SSVEC
26 estimates currently anywhere between 10-18 new reservations for renewable energy incentive dollars
27 each month with that number doubling toward the end of the year. Most of the reservations are
28 occurring in Cochise County. If the March true-up was still available in 2015, and the same trend of

1 less than 1/3 of the customers selecting a March true-up continues, SSVEC might see around 75
2 customers selecting a March true-up in 2015. SSVEC currently serves approximately 50,000
3 customers in Arizona so the number of customers potentially impacted by this change is a small
4 percentage of all SSVEC customers.

5 20. In addition, SSVEC is not proposing to eliminate the true-up option but to put
6 SSVEC on par with all of the other utilities with only one true-up month option. SSVEC will
7 grandfather those customers who have already opted for a March true-up allowing them to either
8 retain the March true-up or even switch to the September true-up if that is more economical for the
9 customer. SSVEC will also allow customers, prior to enacting the grandfathering, with a September
10 true-up month to switch to a March true-up month if that is more economical for the customer.
11 SSVEC will continue to true-up customers at the annual average avoided cost rate.

12 21. Finally, Staff shares in SSVEC's concern that customers and installers may be confused
13 about the true-up options and the impact of the varying month of true-up. The concept of net
14 metering and the value of carrying over excess kWh versus a true-up at the avoided cost rate is
15 probably a concept which needs to be further explained to existing net metered customers, customers
16 reserving incentive dollars for future renewable energy installations, and installers.

17 **Staff Recommendations**

18 22. When considering all of the above information regarding the declining number of
19 customers selecting a March true-up, the reasoning behind the two month true-up option, the level of
20 potentially impacted customers, and the fact that the two month true-up is inconsistent with other
21 Arizona utilities and cooperatives, Staff has recommended approval of SSVEC's request to eliminate
22 the March true-up option going forward. Staff is in agreement that the customers currently utilizing a
23 March true-up month need to be allowed to keep that March true-up month going forward. If a
24 customer with a March true-up month would like to switch to a September true-up month prior to
25 December 31, 2014, SSVEC should honor that request. If a customer with a September true-up
26 month would like to switch to a March true-up month prior to December 31, 2014, SSVEC should
27 also honor that request.

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1 23. Staff has recommended that the March true-up option be eliminated for new net
2 metered customers effective January 1, 2015.

3 24. Based on the potential for confusion as discussed earlier, Staff has recommended that
4 SSVEC make available on its website, within 15 days of the effective date of the Decision, educational
5 materials further explaining the benefits of net metering and the details of this change to one true-up
6 month going forward.

7 25. Staff has further recommended that SSVEC notify renewable installers of the change
8 to the true-up month option.

9 26. Since SSVEC has already completed mailing a notification to net metered customers
10 and published the notification in newspapers of general circulation in the SSVEC service area as
11 indicated in Attachment 1 from SSVEC's 2014 Petition, Staff has recommended that SSVEC insert a
12 message on customer bills for the seven billing cycles occurring after a Decision in this case. The
13 message on the bills will inform customers that SSVEC has been given approval by the Commission
14 to eliminate the March true-up month going forward and direct the customers to the SSVEC website
15 for further information.

16 27. Staff has further recommended SSVEC be required to file, with Docket Control, a
17 revised Net Metering Tariff in compliance with the Decision in this case within 15 days of the
18 effective date of the Decision.

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CONCLUSIONS OF LAW

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2 1. Sulphur Springs Valley Electric Cooperative, Inc. is an Arizona public service
3 corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

4 2. The Commission has jurisdiction over Sulphur Springs Valley Electric Cooperative,
5 Inc. and over the subject matter of the application.

6 3. The Commission, having reviewed the application and Staff's Memorandum dated
7 October 24, 2014, concludes that it is in the public interest to amend Decision No. 71463 pursuant to
8 A.R.S. § 40-252 allowing Sulphur Springs Valley Electric Cooperative, Inc. to eliminate the March
9 true-up option for new net metered customers.

ORDER

10
11 IT IS THEREFORE ORDERED that Decision No. 71463 is hereby amended to eliminate
12 the March true-up month option for new Sulphur Springs Valley Electric Cooperative, Inc.net
13 metered customers as of January 1, 2015, as discussed herein.

14 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. allow
15 existing net metered customers the opportunity to switch between a March or September true-up
16 month until December 31, 2014.

17 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. allow all
18 customers who, as of December 31, 2014, have designated a March true-up month for determining
19 their credit for the excess kWh keep March as their true-up month for so long as they remain a net
20 metering customer.

21 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. make
22 available on its website, within 15 days of the effective date of the Decision, educational materials
23 further explaining the benefits of net metering and the details of this change to one true-up month
24 going forward.

25 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. notify
26 renewable installers of the change to the true-up month option.

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1 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. insert a
2 message on customer bills for the seven billing cycles occurring after a Decision in this case informing
3 customers that Sulphur Springs Valley Electric Cooperative, Inc. has been given approval by the
4 Commission to eliminate the March true-up month option for new net metered customers after
5 January 1, 2015, and direct the customers to the Sulphur Springs Valley Electric Cooperative, Inc.
6 website for further information.

7 IT IS FURTHER ORDERED that Sulphur Springs Valley Electric Cooperative, Inc. file, with
8 Docket Control, a revised Net Metering Tariff in compliance with this Decision within 15 days of the
9 effective date of the Decision.


10 IT IS FURTHER ORDERED that all other requirements of Decision No. 71463 shall remain
11 in effect.

12 IT IS FURTHER ORDERED that this Order shall become effective immediately.

13 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

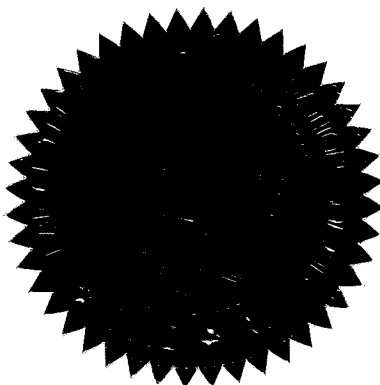
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16 CHAIRMAN

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16 COMMISSIONER

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IN WITNESS WHEREOF, I, JODI JERICH, Executive
Director of the Arizona Corporation Commission, have
hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 13th day of November, 2014.

23 
24 JODI JERICH
25 Executive Director

26 DISSENT: _____

27 DISSENT: _____

28 SMO:RSP:sms\WVC

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